

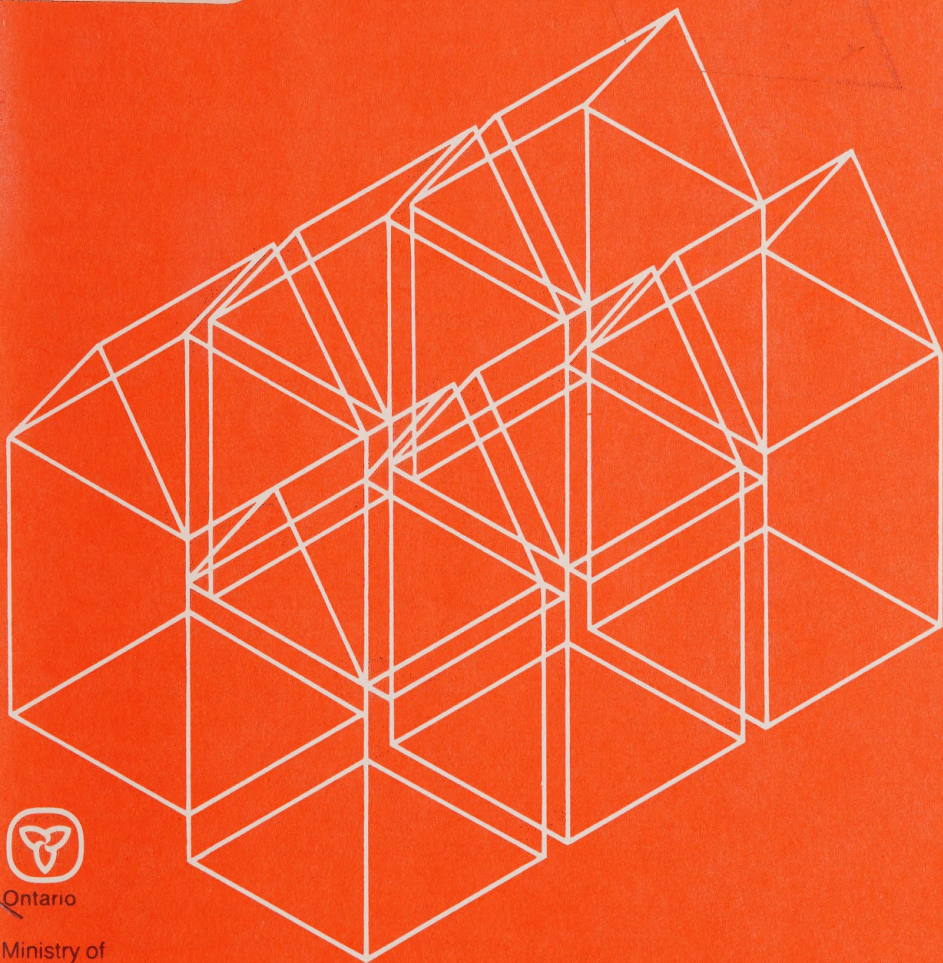
# BUYING REAL ESTATE

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Ontario

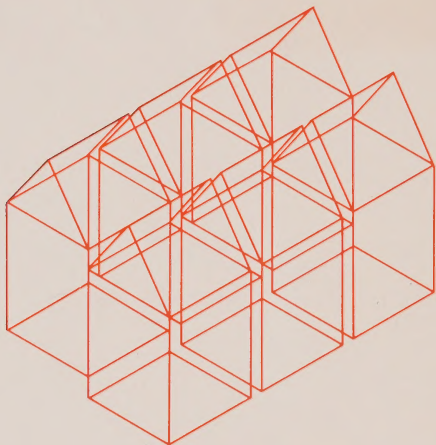
Ministry of  
Consumer and  
Commercial  
Relations

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Buying a home or property is one of the most important financial decisions of a lifetime. Because it is important, you should make the decision only after you have asked and answered some basic questions and made a thorough investigation.





## **“What is the difference between a real estate broker and a salesman?”**

A broker normally represents the selling person or vendor in real estate transactions.

A salesman is employed, appointed or authorized by a broker to trade in real estate.

## **“What is a listing contract?”**

A listing is an agreement for services between a homeowner or authorized person and a broker. The owner agrees to let the broker or the broker's sales force sell the property on the owner's behalf. If the terms of the listing are met, the agent receives a commission for the services provided.

To sell the property within a reasonable length of time, it is generally agreed that the asking or listing price should not be more than five per cent above the current market price.

There are three types of listing:

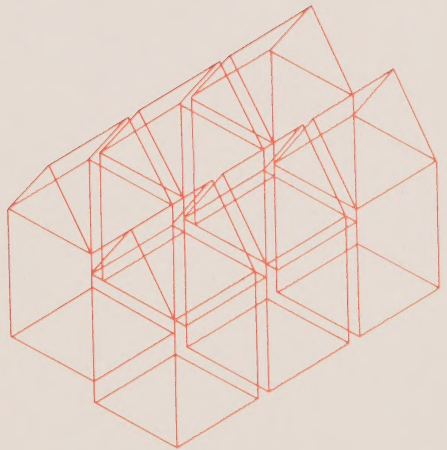
1. An Open Listing — authorizes a broker to sell the property but reserves the owner's right to sell without an agent or give further listings to other brokers. Commission is payable to the broker who makes the sale.
2. An Exclusive Listing — appoints a broker as sole agent for sale of the property for a given period of time. The broker is still legally entitled to a commission even though the owner may sell the property without the agent's services.
3. An Exclusive Multiple Listing — engages the services of the members of a particular real estate

board. The homeowner agrees to pay a higher commission for this.

## **“What is an Agreement of Purchase and Sale?”**

An agreement of purchase and sale is a legal contract where a buyer agrees to purchase a property from a seller according to specified terms and conditions. When the seller accepts the offer, the buyer becomes the beneficial owner of the property subject to the offer's terms and conditions.

**Remember that an agreement of purchase and sale is a legally binding contract. If either the buyer or the seller fails to meet the agreement's conditions, the other party can sue for specific performance and/or damages.**

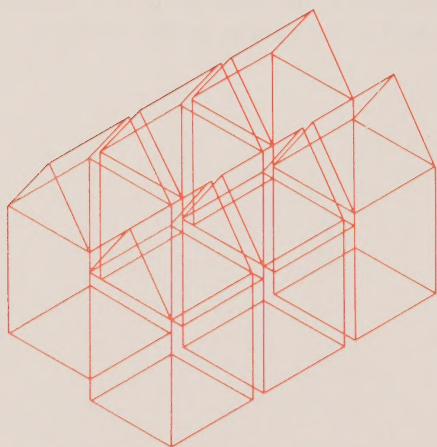


## **“What are the obligations of the broker?”**

### **The broker or agent must:**

- Present all offers to his or her client, the vendor.
- Disclose all known material facts relating to any transaction entered on the client's behalf.
- Follow the client's instructions.

Keep in mind when purchasing property that the broker represents the seller, who pays the sales agent's commission. While the agent must act ethically toward you, the buyer, he or she is bound to act at all times in the client's best interest.



## **“What procedure should be followed when buying a home?”**

1. If you see a property you like, contact the broker who has it listed. Alternatively, find a broker of your choice and explain what kind of property you wish to buy. The broker will search his or her listings to find the property which meets your requirements.
2. Inspect the property thoroughly yourself and then have it evaluated by an independent professional appraiser. It is well worth the added cost. The appraiser is an expert at spotting hidden flaws in structure and workmanship that could cost you thousands of dollars to repair.
3. Examine the complete money commitment. Include initial costs such as down-payment, mortgage brokerage commission fee, insurance costs, legal fees, prepayment of property taxes and moving costs. In addition, examine your continuing costs, such as principal and interest payments on mortgages, insurance payments, property taxes, local improvement levies and maintenance costs. Consider as well the cost of day-to-day transportation if the house is a long way from your work.
4. Know the area to which you plan to move. Find out about schools, transportation and shopping. Check with the municipal offices about zoning, local improvements like sewers, roads and sidewalks, and how these affect your taxes.

5. When you are satisfied, have an offer to purchase prepared, detailing the terms you are prepared to offer. The offer should include every detail that is important to you and that has a bearing on the property.
6. **Don't sign the offer until your own lawyer has reviewed it. It is unwise to rely on the same lawyers retained by the seller.**
7. After the offer has been accepted, your lawyer will search the title to make sure it is free and clear of unpaid taxes, liens, mortgages and other claims. If the results are satisfactory, the deal may be closed.

### **"What is the procedure in the purchase of income property?"**

If you plan to buy income property such as a duplex, apartment building, store building — whether or not you plan to live on the premises — follow the same guidelines. In addition, obtain up-to-date statements of income and expenses.

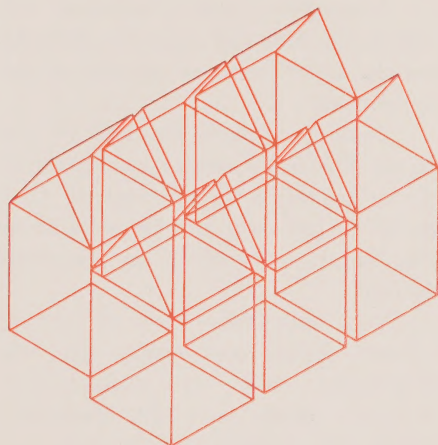
### **"Where to get information on mortgage rates?"**

See your bank or trust company manager to obtain this service free of charge.

### **"What is the procedure for the purchase of property outside Ontario?"**

The Ontario real estate market attracts many developers who offer land in other provinces or countries.

Before such developers do business in Ontario, they are required by provincial laws to file and have accepted a prospectus of the property with the registrar of real estate and business brokers of the Ministry of Consumer and Commercial Relations.





The prospectus gives precise details about the property. After it has been filed, a foreign land inspector visits the property, wherever it may be, to ensure that the prospectus provides an accurate description. If everything is in order, the developer receives a certificate of acceptance.

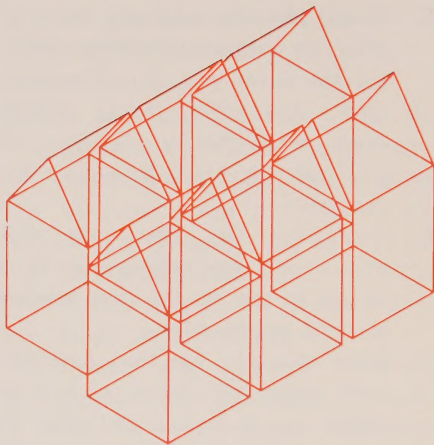
The developer is also required, when offering land for sale, to deliver a copy of the prospectus to each prospective buyer in Ontario.

**Read the prospectus carefully before signing any contract. If possible, visit the property first.**

**Remember, the certificate of acceptance does not mean the property has the endorsement or approval of the government.**

Value judgments are left to the buyer. The Government's only function is to ensure that all material facts about the property will be available so the buyer may make an informed decision.

You must take steps to protect yourself. Before you consider any out-of-province land or condominium purchase, check with the Registrar's Office, 555 Yonge Street, Toronto.



### **"Where is more information available?"**

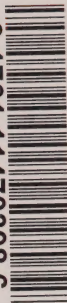
The Registrar,  
Real Estate and Business Broker  
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